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Issue: 11-34

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- Retail sales continue to see-saw in June
- BC farm cash receipts slip 3.2% in the first half of 2011
- A quarter of Vancouver commuters face traffic jams every day

The Economy

• Sales by retailers in the province were up slightly (+0.4%, *seasonally adjusted*) in June, partly reversing a similar slip in the previous month (-0.6% in May). Canadian sales inched up 0.7% due in part to a 3.3% volume-driven boost in sales at new car dealers. Widespread increases were dampened by declines in sales by gasoline stations (-1.3%) and electronics and appliance stores (-3.0%). Overall, retailers in most provinces made gains in June with rates ranging from +0.4% in BC and Manitoba to +2.4% in Saskatchewan. *Data Source: Statistics Canada*

• Average weekly earnings for non-farm payroll employees in the province were \$850 (*seasonally adjusted*) in June, 0.9% higher than in the previous month, but still slightly below the national average of \$876 per week. Payroll employees in Northwest Territories (\$1,267) continued to boast the highest weekly earnings in the country. Alberta (\$1,041) and Ontario (\$899) were the only provinces where weekly earnings were above the Canadian average. Quebec (+2.6% to \$816) saw the most substantial increase among the provinces in June.

Data Source: Statistics Canada

Tourism

• Fuelled by increased spending by Canadians travelling in other countries, Canada's international travel deficit reached \$3.9 billion in the second quarter of 2011 (+3.1%, *seasonally adjusted*, from the first quarter). Canadians purchased approximately \$3.9 billion more outside the country than foreigners spent in Canada during that period.

An increase in American spending in Canada (+5.7% to \$1.8 billion) helped push total foreign travel receipts up 5.7% (to \$4.1 billion) compared to the first three months of the year. Purchases by overseas visitors were also higher, climbing to \$2.3 billion (+5.7%) during the second quarter. Meanwhile, Canadians purchased \$8.0 billion of goods and services away from home. Spending by Canadians south of the border was up (+4.0% to \$4.8 billion), but residents travelling abroad spent a record \$3.2 billion, an even more notable rise (+5.0%) over the previous quarter.

Data Source: Statistics Canada

Agriculture

• Farm cash receipts in BC were weaker (-3.2%, *unadjusted*) during the first six months of this year than in the same period of 2010. Nationally, receipts were up 9.7%, largely due to increased market receipts (earnings from sales of livestock and crop products), which were driven by rising prices. At the same time, payments from stabilization and other programs (+25.2%) continued to climb. Canadian crop producers, especially grain growers, saw revenues rise sharply, in some cases climbing fifty percent or more. As a whole, crop receipts were up 12.4%. Livestock operators also fared well with receipts increasing 4.8% during the first six months of 2011. Manitoba and BC were the only provinces to record a decline in overall farm cash receipts.

Data Source: Statistics Canada

Educational Attainment

• In 2009, the likelihood of holding a university degree was much higher for people with at least one parent who was university educated

Did you know...

Half (49%) of online Canadians state that they are influenced by brand or product recommendations by members of their social network. *Source: Ipsos Canada*

(56%) than for those with neither parent holding a university degree (23%). However, for people whose parents did *not* graduate from university, the probability of holding a degree has increased significantly in recent years, nearly doubling between 1986 and 2009 (from 12% to 23%).

Much of the rise in the percentage of university graduates among people whose parents did not attend university is attributable to women. Indeed, in 1986, only 10% of women whose parents were not university graduates held a degree. By 2009, that proportion had almost tripled (28%). The increase for men was more moderate, rising from 14% to 18% over the same period.

Children of immigrant parents are more likely to hold a university degree, regardless of their parents' educational background. In 2009, for example, 40% of people aged 25 to 39 with at least one parent born outside Canada were university graduates, compared with 29% of those whose parents were both born in Canada. Among those from immigrant families, the likelihood of having a degree was notably higher for those with at least one university-educated parent (62%) than for those whose parents were not university grads (30%). For people with Canadian-born parents, the relative difference between those whose parents were university graduates and others was also substantial (53% compared to 21% respectively).

Data Source: Statistics Canada

Commuting

- In 2010, Canadian commuters took an average of 26 minutes to travel to work on a typical day (including all modes of transportation). Not surprisingly, travel times tended to be longer in large metropolitan areas, where workers have to travel further and often contend with traffic congestion.

In Canada's six largest census metropolitan areas (CMAs), commuters spent an average of 30 minutes a day getting to work in 2010, while those in mid-sized metropolitan cities took

slightly less time (an average of 25 minutes). The average commuting time was longest for workers in the CMAs of Toronto (33 minutes), Montréal (31 minutes) and Vancouver (30 minutes). Among the six largest CMAs, drivers took an average of 27 minutes to get to work, while public transit users took about 44 minutes and those who chose active transportation (walking or cycling) had the shortest trip (14 minutes). In Vancouver, 25% of workers were caught in traffic jams every day of the week, compared with 26% of their counterparts in Montréal and 29% in Toronto.

Approximately 82% of Canadian commuters travelled to work by car in 2010, while a further 12% took public transit and 6% walked or bicycled. Regardless of transportation mode, workers with longer commutes tend to find their days more stressful. Of the full-time workers who took 45 minutes or more to travel to work, 36% said that most days were "quite" or "extremely" stressful, while this was the case for just 23% of workers whose commuting time was less than 15 minutes.

Data Source: Statistics Canada

The Nation

- Corporations in Canada earned operating profits of \$64 billion (*seasonally adjusted*) in the second quarter of 2011, a decrease of 4.9% over the first quarter. A 24.1% drop in profits for manufacturers of petroleum and coal products contributed most substantially to a decline in the manufacturing industry (-8.3%). Meanwhile, both retail and wholesale trade lost ground. Higher actuarial liabilities for life insurers pushed overall profits in the financial sector down 7.9%, but depository credit intermediation, mainly chartered banks, tempered the decline with increases. On a year-over-year basis, total operating profits have climbed 10.2% since the second quarter of last year.

Data Source: Statistics Canada

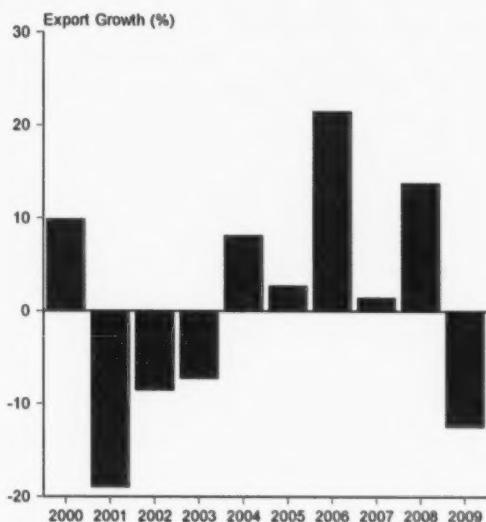
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BC's High Tech Commodity Trade

International trade is an important aspect of British Columbia's the high technology sector, as reflected in the high volume of two-way trade.[†] The domestic market for high technology goods[‡] generally does not have sufficient volume to achieve the economies of scale needed to remain competitive; therefore, access to international markets is extremely important as it allows B.C. producers of high tech goods to focus on market niches. At the same time, B.C. manufacturers do not produce enough of some types of high technology equipment to satisfy the domestic demand from either consumers or the high tech industry itself, and as a result, large volumes of goods are imported into the province.

The value of British Columbia high technology goods exports dropped 12.5% in 2009, to \$865.2 million. The decline was likely the result of the global economic downturn, which dampened demand for goods of any description, including high technology products. The slump in high tech exports was the largest one-year drop since the dot.com crash in 2001. Nevertheless, B.C.'s high tech sector exports fared far better than B.C.'s overall goods exports, which dropped 24.3%. As a result, the proportion of B.C.'s overall exports comprised of high technology goods climbed to 3.4%, the highest share ever recorded.

BC's exports of high tech goods fell in 2009



Source: BC Stats

The bulk of B.C.'s high tech exports are concentrated in just a few commodity groups.[§] Computers and telecommunications equipment constitute the largest group of high technology goods exported from British Columbia. Almost half (46%) of the province's high tech exports are comprised of goods from this commodity group, with international shipments of computers and telecommunications equipment amounting to \$401.0 million in 2009. This was down 3.7% from a year earlier, a drop of \$15.4 million.

Aerospace products and life sciences goods together represented another third of B.C.'s high technology commodity exports. British Columbia exporters shipped \$142.8 million worth of aerospace products and \$141.2 million in life sciences goods to international destinations in 2009. This

[†] This article is an excerpt from the *Profile of the British Columbia High Technology Sector 2010 Edition*, which will be released in late-August.

[‡] High technology goods referred to in this document are based on a list developed by the U.S. Bureau of the Census and modified to fit Canadian conditions. See Appendix B of the *Profile* report for more information.

[§] For information on high technology commodity groups, see Appendix B of the *Profile* report.

represented a 24.6% drop from 2008 for the aerospace commodities group and a 7.0% increase for life sciences products.

The largest decline in exports, both in value and percentage, was in shipments of opto-electronics, which slumped by \$76.0 million, or 61.2%. This drop wiped out the 149.8% jump in exports from a year earlier, such that the value of exports of opto-electronics was only slightly lower than that recorded in 2007. A substantial increase in shipments of photosensitive semiconductor devices and/or light emitting diodes, mainly to Germany, was responsible for the one-year jump in exports of opto-electronics in 2008.

Exports of computer integrated manufacturing goods fell 18.2%, but shipments of electronics almost tripled in value. The rise in exports of electronics was due to a considerable jump in shipments of "smart cards" to the United States.

British Columbia generally does not export significant volumes of goods from the remaining commodity groups.

In 2009, the United States was the destination for approximately 67% of British Columbia's high technology commodity exports. B.C.'s high tech sector is proportionately more dependent on the U.S. market for export sales than are the province's exports overall. In 2009, only 51% of B.C.'s total goods exports were shipped to the United States. However, the ratio of high technology exports headed to the United States is still well down from its peak of 84% in 2000. Although the overall value of high technology goods shipped to the U.S. is also down from that peak year, mostly due to the bursting of the high tech bubble in 2001, most of the drop in share is due to diversification to other markets.

B.C. High Technology Exports by Destination - 2009

	\$ millions	% change 2008/2009
United States	582.9	-5.7
European Union	126.9	-34.1
Germany	27.8	-65.0
Italy	26.6	15.1
United Kingdom	21.1	-26.2
Pacific Rim	86.8	-14.1
Australia	16.6	25.5
Hong Kong	14.7	70.2
Mainland China	13.7	-36.3
Rest of the world	68.6	-10.6
Total	865.2	-12.5

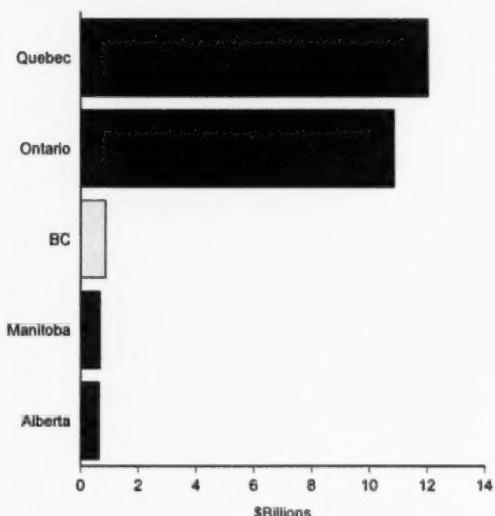
Shipments to the European Union, in particular, have grown significantly over the last decade. The European Union received 7% of B.C.'s high tech exports in 2000, with that share climbing to 19% in 2008 before slipping back to 15% in 2009. Exports to Pacific Rim countries, which dropped to their lowest levels in the early part of the decade, have rebounded somewhat to roughly 10% of exports, but are still well below peak levels attained in the mid-nineties.

The value of high technology exports to B.C.'s largest market, the United States, fell 5.7% in 2009, less than half the rate of decline of high tech exports overall (-12.5%). Shipments of high tech products to the European Union plunged 34.1% in 2009, but the decline was largely the result of the return to normal in exports of opto-electronics to Germany after the temporary surge in 2008.

Shipments to the Pacific Rim slumped 14.1% in 2009, despite a 70.2% jump in exports to Hong Kong and a 25.5% growth in shipments to Australia. Those gains were more than offset by double-digit drops in high tech exports to Japan (-52.5%), Mainland China (-36.3%), South Korea (-38.5%) and Taiwan (-54.1%).

The value of British Columbia's exports of high technology goods is relatively small compared to Canada's manufacturing hubs of Quebec and Ontario. Given the relative size of their economies, one would expect B.C. to lag behind these two provinces; however, even taking that into account, B.C.'s \$0.9 billion in exports of high tech goods was still comparatively modest.

BC's exports of high tech goods are relatively small compared to those from Central Canada



Source: BC Stats

Among the Canadian provinces, Quebec was the top exporter of high technology merchandise, shipping approximately \$12.0 billion worth of high tech goods in 2009. Quebec's world-class aerospace industry was the source of the bulk of these goods (76%). High tech products comprise a far greater share of Quebec's overall commodity exports compared to other provinces. In 2009, 21% of the province's goods exports consisted of high tech products, compared to less than 8% for Canada as a whole. The only other province to exceed the Canadian average was Ontario, at 9%.

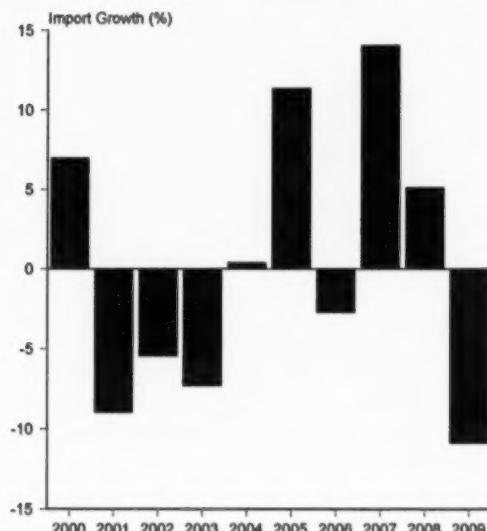
Ontario ranked second behind Quebec in terms of high tech exports, shipping \$10.9 billion worth of high tech goods in 2009. Combined, these two provinces were the source of 90% of Canada's high technology commodity exports.

In 2009, high tech goods made up just over 3% of B.C.'s overall commodity exports, but the \$0.9 billion worth of goods shipped from the province was enough to rank B.C. third in the country. Prior to 2008, British Columbia had almost always trailed behind Alberta (with the exception of 1993), but three consecutive years of double-digit declines have seen Alberta's high tech exports almost halved. This allowed B.C. to leap ahead of Alberta in 2008 and retain its third place ranking in 2009. Alberta also slipped behind Manitoba, which increased its high tech exports by 21.4% in 2009, driven by a substantial rise in shipments of biotechnology and aerospace goods. Manitoba was the only one of the five high tech provinces (BC, Alberta, Manitoba, Ontario and Quebec produce the bulk of Canada's high tech goods) to experience growth in exports in 2009.

Among the high tech provinces, Alberta suffered the largest drop in value of high tech exports in 2009, slumping 25.7%, as shipments of optoelectronics and computers and telecommunications products were halved. British Columbia had the second largest decline, at 12.5%, followed by Quebec (-9.0%) and Ontario (-5.8%). For Canada as a whole, high technology exports fell 7.5%.

Similar to exports, the downturn in the economy also affected British Columbia's imports of high technology goods. In 2009, there was a 10.9% drop in the value of high technology goods imported into British Columbia. This was the largest decline since at least 1990, the earliest year for which data are available.

Imports of high tech goods into BC dropped significantly in 2009



Source: BC Stats

In 2009, high tech imports from the United States fell 13.7% to their lowest level since 1993; however, the United States remained B.C.'s most significant source of imported high tech goods, despite the fact that imports from that country have declined in seven of the last ten years.

For the first time since at least 1990, the earliest year for which data are available, imports from Mainland China dropped, slipping 1.3%. Nevertheless, with almost \$1.1 billion of high tech goods imported into the province from that country in 2009, China trails only the U.S. in terms of the value of imports of high tech merchandise into British Columbia. The importance of China as a source for B.C. imports of high tech goods has only developed in the last several years. In 1999, Mainland China was the origin of only 2% of B.C.'s high tech commodity imports. By 2009, 25% of high tech imports into the province were sourced from China.

A significant amount of high tech goods imported into the province is used as input into B.C.'s own high technology manufacturing. However, a large portion of the imports from China are consumer goods such as portable computers and cellular telephones, which suggests that at least some of the growth in imports is consumer-driven and not solely composed of purchases of input components for manufacturing activities of the domestic high tech sector.

There is far more diversification in terms of the origin of high tech imports into B.C. than in the destinations of B.C.'s high tech exports. As a result of the downward trend in imports from the United States, that country's share of B.C.'s high tech import market has shrunk to just 30% in 2009, from well over half just ten years earlier. At 25%, Mainland China ranks second as a source for B.C.'s high tech imports, followed by Mexico with 11%. The \$496.2 million in high tech goods imported from Mexico in 2009 exceeded the value of high tech goods imported from all of the European Union countries combined (\$465 million, or just under 11%).

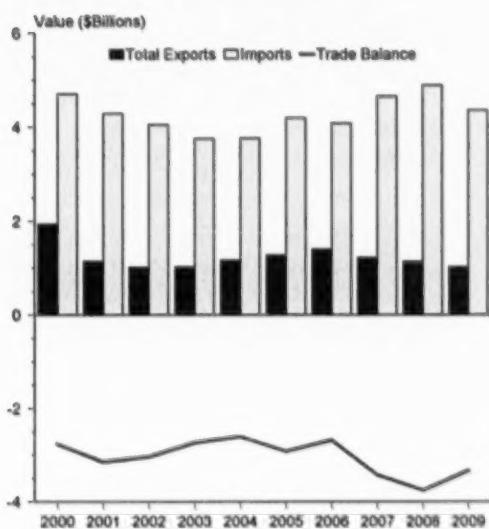
As with exports, computer and telecommunications goods are by far the largest category of high technology imports, comprising 58% of high tech product imports, or \$2.5 billion. At \$0.6 billion, imports of second-ranked life sciences products were valued at just a fraction of that of computers and telecommunications goods, representing just 13% of B.C.'s high technology imports.

The value of imports fell for most of the commodity groups, with the exception of those of which B.C. imports relatively little. The largest percentage decline was for imports of computer integrated manufacturing products, a drop of 23.8%. In terms of absolute numbers, imports of computers and telecommunications products experi-

enced the largest slump, falling by \$319 million, or 11.3%.

British Columbia imports far more high technology goods than it exports and, as a result, the province runs a substantial trade deficit in these commodities. In 2009, this trade gap narrowed significantly as the drop in imports was far larger than the slump in exports. Nevertheless, the deficit was still \$3.3 billion, or nearly four times the total value of B.C.'s high tech exports. In 2009, the value of high technology goods imported into British Columbia was over five times that of high tech exports from the province.

BC has a substantial deficit in trade of high tech goods



Source: BC Stats

The growth in B.C.'s high tech exports to Mainland China has not kept pace with the phenomenal increase in imports from that country and, as a result, B.C.'s high tech goods trade deficit with China has climbed to over \$1 billion, making it British Columbia's largest high tech trade deficit. Prior to 2006, B.C.'s largest deficit was with the United States, but the downward trend in imports has whittled that deficit down to \$739.8 million in 2009 from a peak of almost \$1.5 billion in 1997. After China and the United States, the next largest deficit is with Mexico, at \$489.4 million, which exceeds the combined deficit with all countries of the European Union (\$307.9 million). B.C. exports very few high tech goods to Mexico, but imports a large amount, accounting for the substantial deficit.

As with overall commodity trade, the global economic downturn had a dramatic effect on trade in high technology goods. While high tech figures for 2010 have yet to be compiled, given the uptick in overall trade compared to 2009, it is likely that the high tech sector experienced some improvement as well.



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BC at a glance . . .

POPULATION (thousands)		% change on one year ago
BC	4,563.3	1.1
Canada	34,349.2	1.1
GDP and INCOME (Released Nov 4)		% change on one year ago
(BC - at market prices)	2009	
Gross Domestic Product (GDP) (\$ millions)	191,006	-3.4
GDP (\$ 2002 millions)	161,851	-1.8
GDP (\$ 2002 per Capita) (reflects revised pop)	36,287	-3.5
Personal Disposable Income (\$ 2002 per Capita)	25,374	-1.9
TRADE (\$ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Jun 2011	3,113	0.6
Merchandise Exports - Jun 2011	2,771	0.8
Retail Sales - May 2011	4,921	-0.7
CONSUMER PRICE INDEX		12-month avg % change
(all items - Jul 2011)	% change on one year ago	
BC	1.7	2.3
Vancouver	1.6	2.4
Victoria	1.6	2.1
Canada	2.7	2.6
LABOUR FORCE (thousands)		% change on prev. month
(seasonally adjusted)	Jul 2011	
Jobs Created (-Lost) - BC	5.4	
Labour Force - BC	2,453.3	0.3
Employed - BC	2,274.1	0.2
Unemployed - BC	179.2	1.0
	Jun 2011	
Unemployment Rate - BC (percent)	7.3	7.3
Unemployment Rate - Canada (percent)	7.2	7.4
INTEREST RATES (percent)		Aug 17/2011 Aug 18/2010
Prime Business Rate	3.00	2.75
Conventional Mortgages - 1 year	3.50	3.30
- 5 year	5.39	5.49
US-CANADA EXCHANGE RATE		Aug 17/2011 Aug 18/2010
(avg. noon spot rate) Cdn \$ per US \$	0.9820	1.0289
(closing rate) US \$ per Cdn \$	1.0207	0.9721
AVERAGE WEEKLY WAGE RATE		% change on one year ago
(Industrial aggregate - dollars)	Jul 2011	
BC	834.14	1.4
Canada	833.73	1.9
SOURCES:		
Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate	Statistics Canada	
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics		
For latest Weekly Financial Statistics see www.bankofcanada.ca		

Socio-Economic Profiles & Indices, 2010

The regional socio-economic profiles present data in tables and charts on population, economic hardship, labour market, education, crime, health, immigrants, and risk factors for children and youth. The socio-economic indices summarize social and economic conditions over a wide variety of indicators into a single composite index. When viewed together, these indices provide a summary measure of the relative successes and challenges across regions of the province and provide policy makers with information that supports fact based decision-making when allocating budgetary resources.

The socio-economic profiles are available for various regions within the province, including: Development Regions, Regional Districts, Local Health Areas, College Regions, School Districts, Health Service Delivery Areas, Health Authorities, and custom geographies. The socio-economic indices are available for Regional Districts and Local Health Areas.

<http://www.bcstats.gov.bc.ca/data/sep/index.asp>

BC Labour Market Outlook 2010-2020

The second annual Labour Market Outlook (2010-2020) report, featuring labour market supply and demand projections by occupation and region, is now available. Based on the BC Labour Market Scenario Model (undertaken by the Ministry of Jobs, Tourism and Innovation in partnership with BC Stats and the Ministry of Finance), this report provides projections of future job openings and potential labour market imbalances.

<http://www.workbc.ca/docs/BCLMOutlook.pdf>

Released this week by BC Stats

- No periodical releases

Next week

- Business Indicators, August 2011